

# Washington Tariff & Trade Letter

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## [House Passes NDAA, Larded for Warfighting, Home & Abroad](#)

The House of Representatives passed their version of the FY23 National Defense Authorization Act. The narrow 217 to 199 vote on the normally nonpartisan legislation reflected the last minute addition of a raft of culture war amendments which alienated all but six Democrats. [READ MORE](#)

## [Tai Sweeps the Steppes](#)

U.S. Trade Representative Katherine Tai convened the 15th U.S. - Central Asia Trade and Investment Framework Agreement (TIFA) Council meeting in Kazakhstan Friday, capping a week of yakking with envoys from the host country as well as the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. [READ MORE](#)

## [Rich Nephew's Grand Tour: Baltic to Balkans](#)

Coordinator on Global Anti-Corruption Richard Nephew will travel to Montenegro, Lithuania, and Albania June 16-21. Mr. Nephew will visit Podgorica, Montenegro to meet with government officials and civil society representatives. He will then travel to Vilnius, Lithuania on June 18-19, to the opening plenary of the International Anti-Corruption Conference. [READ MORE](#)

## [WTO Talks Trade and Climate Change](#)

The new chair of the World Trade Organization's Committee on Trade and Environment has shared ideas on how to advance thematic sessions on few topics in the complex and controversial arena of trade and climate change – where there is no clear mandate from the WTO's recent 13th ministerial conference, said people familiar with developments. [READ MORE](#)

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## Trade Politics and Policy

### [China Hawks Target 1979 Science & Tech Agreement](#)

A renewed urgency has gripped Capitol Hill's China hawks to call for the Chief of the U.S. Patent & Trademark Office (PTO) to report on patents issued to Chinese inventors. In place since the Carter Administration and renewed every five years, the United States - China Science and Technology Agreement (STA) "is a vector to give the PRC access to U.S. dual-use research and presents a clear national security risk...The Biden Administration must stop fueling our own destruction and allow the STA to expire," the lawmakers write. [READ MORE](#)

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### [Hill Calls for Federal Ban on Chinese Land Purchases](#)

Central Washington Republican Dan Newhouse (R-WA) continues his efforts to limit Chinese land purchases, introducing the 'No American Land for Communist China Act'. The bill would prohibit any agent of the government of the PRC, or any business with respect to which the Government of the PRC owns 25 per cent or more of the equity interests of the business, from purchasing land adjacent to federal land in the U.S, including Indian Country. [READ MORE](#)

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### [Include Drones in Connected Vehicle Study, Hill tells Commerce](#)

Congressional China hawks called for the Commerce Department to include Chinese drones in evolving regulations for connected vehicles. "With UAVs' connected software and hardware posing similar national security threats to those of other identified connected vehicles, such transactions present undue and unacceptable risks to U.S. national security," the lawmakers wrote. [READ MORE](#)

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### [Sen. Rubio Calls on UK to Scrutinize Shein](#)

After Chinese fast fashion powerhouse pulled its plans to list shares in the US, Congressional bedevilment persists. Senator Marco Rubio (R-FL) sent a letter to the U.K. Chancellor of the Exchequer, Jeremy Hunt, informing him of SHEIN's reported human-rights abuses and exploitation of trade loopholes and the risks these tactics pose to businesses and investors. The letter urges Hunt to investigate SHEIN thoroughly before allowing the company to list on the London Stock Exchange. [READ MORE](#)

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### ["All Tariffs," No Income Tax Proposed](#)

Donald Trump has proposed an "all tariff policy" which would replace the income tax, sources have told CNBC. CBP collected \$80 billion in Tariff revenue in FY 2023. Revenues received by the federal government in 2023 totaled \$4.4 trillion, of which half was receipts from individual income taxes, according to the Congressional Research Service. [READ MORE](#)

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## Sanctions

### Over 300 New Russia Sanctions Issued

The Treasury and State Departments are issuing sweeping new measures guided by G7 commitments to intensify the pressure on Russia for its continued war against Ukraine.

Wednesday's actions ratchet up the risk of secondary sanctions for foreign financial institutions that deal with Russia's war economy; restrict the ability of Russian military-industrial base to take advantage of certain U.S. software and information technology (IT) services; and, together with the Department of State, target more than 300 individuals and entities. [READ MORE](#)

### Commerce Adds to Russian Sanctions

In coordination with the Departments of Treasury and State, the Commerce Department's Bureau of Industry and Security (BIS) is announcing several significant additional export control restrictions and related actions against Russia..

Among the actions is the issuance of a final rule imposing additional export control measures against Russia and Belarus by expanding the scope of items identified under two EAR supplements that are subject to the EAR's Russian and Belarusian industry sector sanctions; imposing a "software" license requirement for certain EAR99-designated "software" when destined to or within Russia or Belarus; and narrowing the scope of commodities and software that may be authorized for export, reexport, or transfer (in- country) to or within Russia or Belarus under License Exception Consumer Communications Devices (CCD). [READ MORE](#)

### OFAC Russia Info Update

To support the Department's announcement of over 300 new sanctions Wednesday, Treasury's Office of Foreign Assets Control (OFAC) is publishing Determinations, General Licenses and FAQs relating to trade with Russia and Belarus [READ MORE](#)

### Treasury Targets Guyana Elites for Corruption

Treasury's Office of Foreign Assets Control (OFAC) sanctioned members of one of Guyana's wealthiest families, Nazar Mohamed and his son, Azruddin Mohamed, their company, Mohamed's Enterprise, and a Guyanese government official, Mae Thomas , for their roles in public corruption in Guyana.

Azruddin and Mohamed's Enterprise evaded Guyana's tax on gold exports and defrauded the Guyanese government of tax revenues by underdeclaring their gold exports to Guyanese authorities. Between 2019 and 2023, Mohamed's Enterprise omitted more than 10 thousand kilograms of gold from import and export declarations and avoided paying more than \$50 million in duty taxes to the Government of Guyana. [READ MORE](#)

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## [Seventh Round of Houthi Sanctions](#)

Treasury's Office of Foreign Assets Control (OFAC) is sanctioning ten individuals, entities, and vessels, including tanker captains, in multiple jurisdictions that have engaged in the illicit transport of oil and other commodities, including for the network of Houthi financial facilitator Sa'id al-Jamal.

This action targets maritime shipping and financial facilitators, several vessel managers and owners, and a company involved in forging shipping documents. [READ MORE](#)

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## Supply Chain

### [Sen. Wyden Scorches BMW Response to Slavery Ties](#)

Senate Finance Committee Chair Ron Wyden, D-Ore., called on BMW to provide straight answers about its use of parts made by a banned Chinese supplier, following shifting explanations from the German automaker in response to a Finance Committee Democratic staff investigation.

"The Committee is continuing to investigate several aspects of BMW's exposure to forced labor through JWD, its tier 3 supplier," the Senator wrote in a letter to the automaker. [READ MORE](#)

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### [China Forced Labor Lists Updated](#)

The Department of Homeland Security (DHS), as the Chair of the Forced Labor Enforcement Task Force (FLETF), announces the publication and availability of the updated Uyghur Forced Labor Prevention Act (UFLPA) Entity List, a consolidated register of the four lists required to be developed and maintained pursuant to the UFLPA, on the DHS UFLPA website.

The update includes three new entities, a footwear manufacturer located near Hong Kong, a seafood processor on the Yellow Sea near the Koreas, and an Aluminium smelter in the Uyghur Region. The new listings highlight the dispersion of forced labor across China as the government recruits and coerces turkic central Asian minorities to work thousands of miles from their homeland. [READ MORE](#)

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### [CBP Factsheet Published](#)

U.S. Customs & Border Protection (CBP) published an updated Trade Fact Sheet providing a snapshot of the scope and volume of the bureau's activities. Duties and taxes collected in FY 2023, were \$92 billion, down more than 17 percent from the prior year. [READ MORE](#)

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## [CBP to Host De Minimis Webinar](#)

U.S. Customs and Border Protection's Office of Trade is hosting a webinar on Thursday, June 20, 2024, at 3:00 p.m. ET titled De minimis: Back to Basics. The webinar will provide an overview of the basic filing requirements and data quality for the importation of de minimis shipments. [READ MORE](#)

## Enforcement

### [Texas Duo Sentenced for Iran Oil Sales](#)

Two Texas men, both of whom were convicted at trial, were sentenced today to 45 months in prison for attempting to violate the International Emergency Economic Powers Act (IEEPA), conspiracy to violate IEEPA and conspiracy to commit money laundering based on their attempt to transact in sanctioned petroleum and launder the proceeds. The conspirators planned to start their scheme with a 500,000-barrel shipment of Iranian oil, but intended to increase the shipments to one or two million barrels per month for a year or more. [READ MORE](#)

### [Smuggled Snow Machines Seized](#)

Two men have been indicted and 17 snow machines seized as law enforcement broke up a scheme to ship the equipment to Russia by way of Hong Kong. Sergey Nefedov, 40, of Anchorage, Alaska, and Mark Shumovich, 35, of Bellevue, Washington, were arrested June 11. Both are Russian nationals and naturalized US Citizens.

According to the indictment, Nefedov and Shumovich told freight forwarders that the snowmachines would be going to Hong Kong, where they knew that a license was not required for export, thereby causing a freight forwarder to provide false information to U.S. authorities by concealing the end user and destination of the snowmachines. [READ MORE](#)

### [Turkish Executive Jet Operator Fined](#)

A Turkish aviation operator was fined for ferrying passengers into and out of Russia on a US manufactured Gulfstream executive jet without the requisite export license. The Commerce Department (BIS) imposed a civil penalty of \$285,000 against Sapphire Havacilik San Ltd. STI (Sapphire), an aviation company headquartered in Ankara, Türkiye, to resolve violations of the Export Control Reform Act of 2018 (ECRA).

Although the Russian national passengers provided payment to Sapphire through third-party non-Russian charter brokers, such flights into Russia—which were arranged for the benefit of the Russian national or nationals on board—were nevertheless controlled by or under charter or lease by a Russian national. As such, the relevant flights did not fall within license exception Aircraft, Vessels, and Spacecraft (AVS) and violated Section 764.2(a) of the ECRA. [READ MORE](#)